

## Message Text

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ACTION L-03

INFO OCT-01 NEA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05  
NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02  
SS-15 STR-07 TRSE-00 ACDA-12 /126 W  
-----057670 261814Z /47  
R 261242Z APR 78  
FM AMEMBASSY KUWAIT  
TO SECSTATE WASHDC 0793

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E.O. 11652: N/A  
TAGS: ENRG, KU  
SUBJ: AMINOIL: ARBITRATION MEETING OF AMINOIL REPS WITH OIL  
MINISTER

REF: KUWAIT 2313

1. AMINOIL VICE PRESIDENT LARY ISON AND ATTORNEY WILLIAM OWEN  
MET APRIL 25 WITH MINISTER OF OIL SHAIKH ALI KHALIFA FOR INITIAL  
DISCUSSION ON QUESTION OF DEVELOPING SATISFACTORY ARBITRATION  
PROCEDURES TO BE USED IN RESOLVING DIFFERENCES EXISTING BETWEEN  
GOK AND AMINOIL AS RESULT OF RECENT NATIONALIZATION.

2. MINISTER BEGAN DISCUSSION BY NOTING THAT THE MINISTRY AND  
AMINOIL HAD HAD DIFFERENCES IN THE PAST, BUT THOSE SHOULD BE  
LEFT ASIDE NOW. HE SAID HE WAS AWARE THAT AMINOIL HAD PURSUED  
A UNILATERAL COURSE WITH RESPECT TO ARBITRATION AND HE WISHED  
TO ASSURE THEM THAT, WHATEVER THE RESULTS OF SUCH A PROCEDURE,  
THEY WOULD HAVE BEEN TOTALLY IGNORED BY THE GOK BECAUSE OF THE  
UNACCEPTABILITY OF THE PROCEDURE. ALI KHALIFA THEN SAID THAT  
HE WANTED THE TWO AMINOIL REPS TO SIT DOWN WITH HIS LEGAL  
ADVISOR, MOHSIN ABDUL HAFEZ (AN EGYPTIAN LAWYER IN THE OFFICE  
OF THE MINISTER OF LEGAL AND ADMINISTRATIVE AFFAIRS), IN ORDER  
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TO PREPARE DRAFT ARBITRATION ARRANGEMENTS WHICH WOULD NOT  
IMPINGE UPON KUWAIT'S SOVEREIGNTY OR NATIONAL PRIDE.

3. ACCORDING TO ISON, ALI KHALIFA REACTED RATHER SHARPLY TO  
HIS DEFENSES OF AMINOIL'S LEGAL STEPS, CALLING THEM "IMPROPER,"  
BUT RECOMMENDED THAT THERE BE NO FURTHER DISCUSSION BUT RATHER  
CONCENTRATION ON EFFORTS TO WORK OUT A DRAFT FOR HIS CONSIDERATION

DURING THE CURRENT VISIT OF THE AMINOIL REPS.

4. IT WAS THEN AGREED THAT THE AMINOIL REPS AND ABDUL HAFEZ WOULD BEGIN THEIR DISCUSSIONS THAT SAME AFTERNOON.

5. DISCUSSIONS WERE COMPLETED NOON APRIL 26 AND DETAILED REPORT FROM AMINOIL REPS IS BEING CABLED. (COPY WILL BE MADE AVAILABLE TO NEA/ARP ZIOLKOWSKI.)

6. COMMENT: IT SEEMS CLEAR THAT THE OIL MINISTER SEEKS TO SEPARATE THE PRESENT EXERCISE FROM ANY CONNECTION WITH THE AGREEMENTS BETWEEN GOK AND AMINOIL. SENSITIVITY TOWARD ANY INFRINGEMENT ON KUWAIT SOVEREIGNTY APPEARS TO BE THE MOTIVE FOR THIS APPROACH. AMINOIL REPS BELIEVE THAT ALI KHKQIFA IS SERIOUS ABOUT PROCEEDING AHEAD WITH ARBITRATION, BUT WANTS IT TO APPEAR AS A UNILATERAL GESTURE ON THE PART OF THE GOK RATHER THAN A REQUIREMENT UNDER ANY PREVIOUS AGREEMENT WHICH THE GOK NOW CONSIDERS NULLIFIED BY THE SOVEREIGN ACT OF NATIONALIZATION.

7. NOTE: IN RESPONSE TO THE REQUEST OF THE AMINOIL REPS, I HAVE AGREED TO TRANSMIT THROUGH OUR COMMUNICATIONS FACILITIES ABOVE MENTIONED MESSAGE TO AMINOIL HEADQUARTERS IN NEW YORK TO INSURE THAT IT DOES NOT COME TO THE ATTENTION OF THE KUWAIT AUTHORITIES.

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## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ARBITRATION, MEETINGS  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Disposition Date:** 20 Mar 2014  
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**Enclosure:** n/a  
**Executive Order:** N/A  
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**TAGS:** ENRG, KU, AMINOIL, (KHALIFA, ALI), (ISON, LARY), (OWEN, WILLIAM)  
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**Review Markings:**  
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